



MEETING AGENDA
for
ADMINISTRATIVE & FINANCE COMMITTEE
January 28, 2020 @ 3pm
At Company Office 139 N. Euclid Avenue, Upland, CA

- Call to Order

1. Recognitions and Presentations:

2. Additions-Deletions to the Agenda:

3. Public Comments

This is the time for any shareholder or member of the public to address the committee members on any topic under the jurisdiction of the Company, which is on or not on the agenda. Please note, pursuant to the Brown Act the Committee is prohibited from taking actions on items not listed on the agenda. For any testimony, speakers are requested to keep their comments to no more than four (4) minutes, including the use of any visual aids, and to do so in a focused and orderly manner. Anyone wishing to speak is requested to voluntarily fill out and submit a speaker's form to the manager prior to speaking.

4. Approval of Committee Meeting Minutes

Regular Committee Minutes of October 22, 2019 and November 13, 2019.

5. Administrative and Financial Issues:

A. Proposed Financial Policies

Discussion and possible recommendation of new policies for Company investments and reserves.

B. SB998 – Policy and Procedure

Review legislation and proposed policy/procedure for possible recommendation

C. Employee Recognition Policy Amendment

Consider amending Employee Recognition Policy

D. Salary Table Adjustment

Consider adjusting salary table to account for inflation

6. Closed Session: None

7. Committee Comments and Future Agenda Items:

- This is the time for committee's comments and consideration on future agenda items relative to the interests and business of the company and its shareholders.

8. Adjournment:

The next regular Administration and Finance Committee meeting will be held on March 24, 2020 at 3:00pm

NOTE: All agenda report items and back-up materials are available for review and/or acquisition at the Company Office (139 N. Euclid Avenue, Upland, CA.) during regular office hours, Monday through Thursday [7:00 – 11:30 and 12:30 – 5:00] and alternating Fridays [7:00 – 11:30 and 12:30 – 4:00]. The agenda is also available for review and copying at the Upland Public Library located at 450 N. Euclid Avenue.

POSTING STATEMENT: On January 23, 2020, a true and correct copy of this agenda was posted at the entry of the Water Company's office (139 N. Euclid Avenue), on the public bulletin boards at 450 N. Euclid Avenue (Upland Public Library) and 460 N. Euclid Avenue (Upland City Hall), and on the Water Company's website.

SAN ANTONIO WATER COMPANY
ADMINISTRATION and FINANCE COMMITTEE (AFC)
MINUTES

October 22, 2019

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was called to order at 3:00 p.m. on the above date at the Company office located at 139 N. Euclid Ave., Upland, California. Committee Members present were Jose Sanchez, Bob Cable, Rudy Zuniga, and ex officio Tom Thomas. Also in attendance were SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Mr. Sanchez presided.

1. Recognitions and Presentations: None.
2. Additions-Deletions to the Agenda: None.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Mr. Cable moved and Mr. Zuniga seconded to approve the meeting minutes of August 27, 2019. Motion carried.
5. Administrative and Financial Issues:
 - A. ***Proposed Financial Policies*** – Mr. Lee advised the drafts included in the agenda packet are merely a starting point for creating proper financial policies. He inquired as to whether there was a preferred order in which to create the policy types listed on the agenda memorandum. The Committee expressed no preferred order.

Mr. Sanchez noted that regarding the investment policy, the Board of Directors will need to make a decision on the risk it's willing to assume with regard to investments. He commented the proposed policy is very conservative but Board members may feel additional measures may be warranted.

Mr. Thomas expressed concern that the wording of the policies may place an excessive amount on the Treasurer.

Mr. Sanchez voiced concern for separation of duties. All of the work cannot fall on the Treasurer nor all on staff.

The Committee agreed the priority proposed for the policy should be principal risk, liquidity risk, and return on investment.

The Committee and staff discussed SAWCo's financial position including reserves accounts and operating funds.

Mr. Sanchez recommended forecasting cash flow needs of the Company and then matching the maturities to those needs. He also recommended requesting suggestions from the auditors about how much SAWCo should have in an emergency fund.

Mr. Sanchez also commented in regards to reserves funds that capital reserves should include two components; one for planned expenditures and one for emergencies.

Mr. Lee is to take all feedback into account and present a second draft to the Committee.

October 22, 2019

Mr. Sanchez suggested Mr. Lee take the comments from this discussion and present them to the Planning, Resources, and Operations Committee for their comments. The AFC can then discuss all comments at their next meeting and provide direction to the Board.

Mr. Lee mentioned the possibility of presenting a draft broker request for qualifications (RFQ) at the next AFC meeting.

Mr. Sanchez advised including language in the policy that states items not specifically identified are prohibited rather than listing all the prohibited items individually.

Mr. Lee stated he anticipates quarterly Board review of the company portfolio position. The committee felt the item would be suited for the consent calendar of the Board agenda.

Mr. Sanchez also expressed a desire to review investment ratios on a quarterly basis to measure the performance of investments.

Mr. Lee advised he would be putting together a Broker RFQ for the next meeting as well as narrowing down what ratios to use along with finalizing the policies chosen for discussion during the meeting.

6. Closed Session: None.
7. Committee Comments and Future Agenda Items: None.
8. Adjournment: The committee determined there was no further business and adjourned the meeting at 3:55 p.m.

Assistant Secretary
Brian Lee

SAN ANTONIO WATER COMPANY
ADMINISTRATION and FINANCE COMMITTEE (AFC)
MINUTES

November 13, 2019

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was called to order at 3:00 p.m. on the above date at the Company office located at 139 N. Euclid Ave., Upland, California. Committee Members present were Jose Sanchez, Bob Cable, and Tom Thomas. Also in attendance were SAWCo's General Manager Brian Lee and Assistant General Manager Teri Layton.

1. Recognitions and Presentations: Mr. Lee thanked the Committee for their willingness to schedule an additional meeting in order to review and discuss items needing to be addressed prior to year-end.
2. Additions-Deletions to the Agenda: None.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: No minutes to approve.
5. Administrative and Financial Issues:
 - A. ***Board Gift – End of Year Luncheon*** – Mr. Thomas recommended looking into increasing the amount of the gift in the future to account for inflation.

Mr. Cable moved and Mr. Thomas seconded to approve providing a Board Gift to employees in the amount of \$1,250, prorated for part-time employees, at the End of Year Luncheon. Motion carried unanimously.

Mr. Sanchez reiterated looking into the amount of the board gift. He suggested discussing the item at an AFC meeting earlier in the calendar year.

There was consensus on the Committee to review the amount of the board gift earlier in the year in 2020 to allow for any necessary changes to the budget.
 - B. ***Annual Review of Employee Health Benefits*** – The Committee agreed the slight increase in the cost to renew the health benefits was worth the coverage received over the alternative plans presented.

Mr. Cable moved and Mr. Thomas seconded to recommend the Board approve maintaining SAWCo's current employee health and welfare benefits package. Motion carried unanimously.
6. Closed Session: None.
7. Committee Comments and Future Agenda Items: Mr. Sanchez requested financial policies and ratios be placed on the January AFC meeting agenda.
8. Adjournment: The committee determined there was no further business and adjourned the meeting at 3:09 p.m.

Assistant Secretary
Brian Lee

Agenda Item No. 5A

Item Title: Proposed Financial Policies

Purpose:

To discuss and possibly recommend new policies for Investments and Reserves.

Issue:

Should the Company establish new policies regarding investments and reserves?

Manager's Recommendation:

That the AFC recommends the Board approve new policies regarding investments and reserves.

Background:

Investment and Reserve policies were presented at the AFC's regularly scheduled October 2019 meeting. Based on that discussion staff has revised the policies (attached), prepared the attached ratio sheet and draft broker request for qualifications (RFQ).

Policies for possible future review include:

- Budget
- Capital Assets
- Debt Management
- Fraud Prevention
- Investment
- Purchasing
- Reserves
- Surplus Property
- Banking
- Audit

Impact on the Budget:

None

Previous Actions:

None.

Operating Ratio > 1.5 and < 2.8

Operating Revenues / Operating Expenses (with or without Depreciation & Amortization)

Ability to cover day-to-day expenditures, excluding depreciation, using operating revenues (mostly charges to customers). This ratio should be significantly higher than 1.0 to accommodate capital investments.

Local Water rate comparison

Water rate per unit compared to other local agencies to reflect rate competitiveness. It should only be used in conjunction with other measures that also validate the utility's capital investment efforts.

Current ratio

Unrestricted current assets (excluding inventories and prepaid items) / Current Liabilities

Financial security ratio that indicates ability to cover obligations. Should be much greater than 1 if it is to show efforts at planning for the future.

Days Cash on Hand > 427 (per Fitch AAA ratings)

Unrestricted cash and investments / [Operating expenses (excluding depreciation & amortization) / 365]

(e.g., average daily expenses)

Financial security ratio that indicates ability to maintain operations despite income interruptions.

Debt service coverage ratio > 2.7 (Fitch AAA ratings) > 1.9 (Fitch A ratings)

[Operating revenue – Operating expenses (excluding Depreciation)] / Principal & Interest payments on long term debt

Capacity to cover debt obligations

Reserve Fund Adequacy > 1

Total Reserve Funds / Annual Operating Expenses (excluding depreciation and debt service)

Indicator of reserve fund adequacy to cover capital investments and/or unexpected emergencies.



San Antonio Water Company

Incorporated October 25, 1882
Serving the original Ontario Colony lands

A REQUEST FOR QUALIFICATIONS

TO PROVIDE INVESTMENT SERVICES TO THE SAN ANTONIO WATER COMPANY

PROJECT TITLE:

COMPREHENSIVE INVESTMENT BROKER/DEALER SERVICES

RESPONSE DUE BEFORE 3:00 PM

On April 1st, 2020

Introduction

The San Antonio Water Company is soliciting Statements of Qualifications from qualified individuals or firms to assist in managing Company fiscal assets and following Company financial policies.

General Information

In 1882 Canadians George and William Chaffey purchased 8,000-acres of the Cucamonga Rancho, including the water rights, and established an irrigation colony which they named Ontario, in honor of their homeland. On October 25, 1882 they also established the San Antonio Water Company under the General Corporation Laws of the United States. Rancheria water rights established back in the 1700's were transferred to the Company to support the newly established irrigation colony. The brother's vision was to develop a Mutual Water Company whose members shared equally in the locally available water supply.

The brothers sold irrigation colony land in 10-acre blocks, primarily intended for the booming citrus industry. Along with the land, the brothers sold shares in the Company, one share for each purchased acre. Each shareholder was entitled to a portion of available local water, distributed equally by the company amongst all the shareholders. The Company was responsible for distributing water on a non-profit basis to the shareholders.

Since 1882 the San Antonio Water Company has consistently provided water service to its shareholders. Although the local citrus industry has largely disappeared, the Company maintains delivery to current shareholders utilizing the same successful 'per share' distribution plan established over 135 years ago.

The Company does not import any water. Instead we are dependent on our local San Antonio Canyon and Cucamonga Canyon watersheds and downstream groundwater basins.

Currently, our shareholders include most residents of the unincorporated area of San Antonio Heights, the Cities of Upland and Ontario, the Monte Vista Water District, local quarries and the proud heritage of remaining grove irrigators.

Current Company investments and reserves are shown on the attached Monthly Investment Activity Summary. **Proposed** Company Investment Policies are attached.

Statement of Qualifications – Investment Broker/Dealer

Please complete the attached Questionnaire and Certification.

Schedule

The Company anticipates the following timeline and key milestones for award of the project:

SOQ Due Date	April1, 2020
Administration Finance Committee (AFC) Review	April , 2020
Interview	TBD – If necessary
Board of Director’s Approval	X,2020
Consultant’s Notification	X, 2020

Exceptions to this RFQ

The Consultant shall certify that it takes no exceptions to this RFQ.

Evaluation Criteria

The evaluation criteria and the respective weights that will be given to each criterion are as follows:

- a) 25% Understanding and approach to the work to be done
- b) 25% Experience of firm with similar kinds of work
- c) 50% Experience of staff for work to be done

Selection Process and Schedule

Key senior staff and select Company Directors will independently review and rank each SOQ. Based on an aggregate of those reviews, the Company will likely enter into negotiations with the top ranked firm. If there is no clear ‘top ranked’ firm, interviews may be scheduled.

Negotiations will cover scope of work, contract terms and conditions, attendance requirements, and appropriateness of the proposed fee schedule.

After negotiating a proposed agreement that is fair and reasonable the General Manager will present the contract to the Company’s Board for authorization to execute a contract with the most responsive firm.

Related Documents

- Broker/Dealer Questionnaire and Certification
- SAWCo Investment Report – December 2019

Interested proposers should immediately contact the Company to register for inclusion on the project distribution list. Revisions or supplemental information to this RFQ will be issued through

addenda by email and posted on the Company's website. Proposers are responsible for receipt of any and all addenda.

Submittal Requirements

One (1) executed original marked "ORIGINAL" in red ink and 6 copies of the SOQ shall be delivered, along with one electronic copy in PDF format on thumb drive. SOQs will not be accepted in any other format. SOQs will not be accepted by email, fax or verbally. The SOQ shall be signed by an individual, partner, officer or officers authorized to execute legal documents on behalf of the Firm.

The Response SOQ must be received no later than **3:00 p.m.** local time, on or before **April 1st, 2020** at the office of:

Statement of Qualifications – Broker/Dealer

San Antonio Canyon Water Company
139 North Euclid Avenue
Upland, CA 91786
Attn: Brian Lee

Failure to comply with the requirements of this RFQ may result in disqualification. Questions regarding this RFQ shall be submitted in writing to blee@sawaterco.com.

San Antonio Water Company
BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION

Name of Firm: _____

Address: _____

Telephone Number: _____

	Primary Representative	Manager/Partner-in-Charge
Name:	_____	_____
Title:	_____	_____
Telephone:	_____	_____
# of Years in Institutional Sales:	_____	_____
# of Years with Firm:	_____	_____

Are you a Primary Dealer in U.S. Government Securities? _____

Are you a Regional Dealer in U.S. Government Securities? _____

Are you a Broker instead of a Dealer? (e.g. You DO NOT own positions of Securities) _____

What is the net capitalization of your Firm? _____

What is the date of your Firm's fiscal year-end? _____

If you are a depository institution, please provide the following and most current certified and audited information:

Tangible, Core and Risk-Based Capital Ratios _____

CRA Rating _____

Is your Firm owned by a Holding Company? _____

If so, what is the name and net capitalization of said Holding Company? _____

Please attach your Wiring and Delivery Instructions.

List the instruments offered regularly by your local desk?

Which of the above does your Firm specialize in Marketing?

Please identify your most directly comparable clients in our geographical area

Entity _____

Contact Person _____

Telephone # _____

Client Since _____

What reports, transactions, confirmations and documents would we receive? Will they be in electronic form? _____

Please include sample of research reports or market information that your firm regularly provides to local agency clients. Please include sample Daily Offering sheets with your SOQ.

What precautions are taken by your firm to protect the interest of the public when dealing with government agencies as investors? (We are not a government agency, but our investment policies match government agencies closely.) _____

Have you or your firm been censured, sanctioned or disciplined by a Regulatory, State or Federal Agency for improper or fraudulent activities related to the sale of securities within the last five years? _____

If YES, please explain: _____

Please indicate and provide evidence of the current licensing status of the Company's representative:

Agent _____ Licenses or registration _____

Is your firm a member of the NASD? Does it subscribe to the "Rules of Fair Practice?" _____

I have completed and am returning the Broker/Dealer Questionnaire and Certification and have read, signed and retained for our files, a copy of the San Antonio Water Company Statement of Investment Policy for the fiscal year 2020.

Broker/Dealer _____

Date _____

Reserve Ratios

Operating Ratio

1.5 < x < 2.8

Operating revenues / Operating Expenses

2020 Operating Revenue	2020 Operating Expenses
\$ 5,406,088	\$ 3,504,070

Operating Ratio	1.54
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2020 Shareholder Revenue
\$ 4,916,084

Operating Ratio SHR	1.40
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Current Ratio

Unrestricted current assets (excluding inventories and prepaid items) / Current Liabilities

Days Cash on Hand

Unrestricted cash and investments / Operating expenses (excluding depreciation and amortization / 365

x > 427 (per Fitch AAA ratings)

Unrestricted Cash and Investments
\$ 6,599,740

Days Cash on Hand	687
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Debt service coverage ratio

Operating revenue - Operating expenses / Principal & Interest payments on long term debt

2.7 < x (Fitch AAA ratings) or 1.9 < x (Fitch A ratings)

Principal & Interest
\$ -

Debt Service Coverage Ratio	#DIV/0!
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Reserve Fund Adequacy

Total reserves funds / Annual operating expenses

x > 1

Total Reserve Funds
\$ 6,599,760

Reserve Fund Adequacy	1.88
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Local Water Rate Comparison 2020

	Tier 1	SAWCo as % of
SAWCo	\$ 0.68	100%
City of Upland	\$ 2.07	33%
Monte Vista Water District	\$ 2.13	32%
Cucamonga Valley Water District	\$ 1.62	42%
City of Pomona	\$ 1.95	35%
City of Ontario	\$ 2.44	28%

Monthly Investment Activity Summary - Compiled from Banking Statements for Correlation with Monthly Financials

Institution	Type of Investment	Date of Maturity	Rate of Interest	Amount of Deposit as of 12/31/2019	*Accumulated Yearly Service Fees	Accumulated Yearly Interest Earnings
					thru December	thru December
Citizens Business Bank (CBB)	*Checking	N/A	No Interest	1,734,357.77	-	N/A
Citizens Business Bank (CBB)	*D&O Checking	N/A	No Interest	365,851.09		N/A
Citizens Business Bank	Pref. Money Mrkt	N/A	0.3500%	2,200,796.77		5,261.99
Local Agency Investment Fund	LAIF	N/A	2.043%	2,290,364.26		74,359.04
Golden State Business Bank	12 Month C.D.	April 15,2020	1.50%	20,000.00		227.07
TOTAL:				\$ 6,611,369.89		
TOTAL IN CD'S:				\$ 20,000.00		



Purpose

The purpose of this investment policy is to establish guidelines to invest funds in a manner which ensures the safety and preservation of financial capital while meeting reasonably anticipated operation needs, achieving a reasonable rate of return and conforming to all state and local statutes governing the investment of funds.

General Provisions

Scope

This policy applies to the investment of all operating funds.

This policy does not apply to investments held in trust for the Company's retirement plans as these investments are subject to policies established by the plan trustees.

Objectives

The primary objectives, in priority order, of the Company's investment activities shall be:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the Company shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio by mitigating certain risks. Some of those risks are:
 - a. Interest Rate Risk – the Company will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by:
 - Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operation and avoiding the need to sell securities on the open market prior to maturity.
 - Investing operating funds primarily in short-term securities, money market mutual funds or investment pools.
 - b. Credit Risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligations, will be reduced by:
 - Limiting investments to higher rated securities as further described in this policy.
 - Diversifying the investment portfolio so that potential losses on individual securities will be reduced.
2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the Company to meet all operating requirements that might be reasonably anticipated. At least yearly,

Company will forecast cash flow needs and adjust investment maturities to match those needs.

3. Return on Investments: The investment portfolio shall be designed with the objective of attaining the best yield or returns on investments, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives.

Prudence

The standard of prudence to be used by Company officials involved in the investment program shall be the “prudent investor” standard and shall be applied in the context of managing the overall portfolio. The prudent investor standard is, “when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the company, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the company.”

The CFO/Treasurer and delegated investment officers, acting in accordance with written procedures and this Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Delegation of Authority

The Board of Directors’ authority to invest Company funds is delegated to the Company’s Chief Financial Officer (CFO) / Treasurer. Such delegation shall expire and be renewed annually, by Board Resolution, in conjunction with the annual investment policy review.

The CFO/Treasurer shall be responsible for monitoring all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials/staff in the absence of the Treasurer. All transactions will be reviewed by the Treasurer on a regular basis to ensure compliance with this Policy. No Person may engage in an investment transaction except as provided under the terms of this Investment Policy and the procedures established by the Treasurer.

Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. Employees and investment officials shall

disclose to the Company's General Manager/CEO any material financial interest in financial institutions that conduct business within the Company, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the Company. All bond issue participants, including but not limited to, underwriters, bond counsel, financial advisors, brokers, and dealers will disclose any fee sharing arrangements or fee splitting to the CFO/Treasurer prior to the execution of any transaction.

Authorized Broker-Dealers

The CFO/Treasurer will maintain a list of approved financial institutions authorized to provide investment services to the Company. These may include primary dealers authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York, or regional dealers that qualify under Securities and Exchange Commission Rule 15C33-1 (uniform net capital rule).

All Broker Dealers who desire to conduct investment transactions with the Company must supply the CFO/Treasurer with the following:

- Audited Financial Statements
- Proof of Financial Industry Regulatory Authority (FINRA) certification
- Proof of State of California registration
- Completed broker/dealer questionnaire (except Certificate of Deposit counterparties)
- Certification of having read the Company's investment policy and depository contracts

Authorized and Suitable Investments

The following are authorized investments:

A. Local Agency Investment Fund (LAIF).

The Company may invest in the Local Agency Investment Fund established by the State Treasurer for the benefit of local agencies (CGC §16429.1). The fund must have 24-hour liquidity. There is no limitation on the percentage of the Company's portfolio that may be invested with LAIF.

B. United States Treasury Securities.

United States Treasury notes, bonds, or bills for which the full faith and credit of the United States is pledged for the payment of principal and interest (CGC §53601(b)). There is no limitation as to the percentage of the Company's portfolio that may be invested in these securities, however, maximum investment maturities are limited to five years.

C. Federal Agency Obligations.

The Company is permitted to invest in federal agency or United States government sponsored enterprise obligations, participations, mortgage backed securities or other

instruments, including those issued by or fully guaranteed as to principal and interest by Federal agencies or United States government sponsored enterprises (CGC §53601(f)). Maximum maturity is limited to five years. There is no limitation as to the percentage of the Company's portfolio that may be invested in agencies.

D. Bank Depository Accounts.

The Company may invest in insured or collateralized certificates of deposit, savings accounts, market rate accounts, or other bank deposits issued by a state or national bank, savings and loan associations, or state or federal credit unions located in California.

Real estate mortgages are not considered acceptable collateral by the Company.

All financial institutions holding Company deposits are required to provide the Company with a regular statement of pooled collateral. This report will state that they are meeting the 110% collateral rule, a listing of all collateral with location and market value, plus an accountability of the total amount of deposits secured by the pool.

Deposits are allowable in any institution that insures its deposits with the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA), and a maximum deposit of up to the federal insurance limits may be deposited in any one institution without collateral. No bank shall receive Company deposits in excess of the federal insurance limits that has a long-term debt rating by Moody's investors Service, Standard & Poor's, or Fitch Ratings of less than 'A'. The maximum maturity is restricted to three years.

No deposit shall exceed the shareholder's equity of any depository bank, nor shall a deposit exceed the total net worth of any institution. No deposits shall be made at a state or federal credit union if a member of the Board of Directors or the General Manager/CEO or CFO/Treasurer of the Company serves on the Board of Directors or a committee of the credit union.

E. Municipal Securities.

Registered treasury notes or bonds issued by the State of California or any of the other 49 states, including bonds payable solely out of the revenues from a revenue producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any states.

Bonds, notes, or other evidence of debt issued by a local agency within the State of California. This includes bonds payable solely out of revenue from a revenue-producing property owned, controlled, or operated by the local agency, or by an authority of the local agency.

Securities must have a debt rating of at least 'AA' by a Nationally Recognized Statistical Rating Organization (NRSRO). Maximum maturity is limited to five years from the date of purchase, and holdings of this type of security are limited to a maximum of 20% of the Company's investment portfolio.

F. Commercial Paper.

Commercial paper of 'prime' quality of the highest ranking of the highest letter and number rating as provided for by a NRSRO and must be issued only by general corporations that are organized and operating within the United States and have total assets in excess of \$500 million. The general corporation must have an 'A' rating or better on debt other than commercial paper, if any, assigned by an NRSRO.

Purchases shall not exceed 5% of the outstanding paper of the issuing corporation, and maximum maturity is restricted to 270 days. This type of investment shall not exceed 15% of the Company's investment portfolio.

G. Placement Service Deposits.

The Company may invest in Certificates of Deposit placed with a private sector entity that assists in the placement of deposits with eligible financial institutions located in the United States. The full amount of the principal and the interest that may be accrued during the maximum term of each deposit shall at all times be insured by federal deposit insurance. Placement Service Deposits, in combination with bank certificates of deposit shall not exceed 25% of the value of the Company's investments at any time. The maximum investment maturity will be restricted to three years.

H. Medium Term Notes.

The Company may invest in corporate and depository institution debt securities issued by corporations organized and operating within the United States, or by depository institutions licensed by the United States or any state and operating within the United States.

Securities eligible for investment under this section shall be rated 'AA' or better by an NRSRO. The maximum maturity is restricted to five years, and investment in this category of security shall not exceed 30% of the Company's investible funds, and not more than 5% from a single issuer.

I. Money Market Funds.

Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission.

The diversified management company shall either

- 1) have attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs or
- 2) retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000). A maximum of 15% of the Company's investible funds can be invested in Money Market Mutual funds.

J. Prohibited Investments.

The Company shall not invest any funds covered by this Investment Policy in ~~inverse floaters, range notes, interest only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity~~ any investments not specifically identified in this policy.

Review of Investment Portfolio

The securities held by the Company must be in compliance with the above section 'Authorized and Suitable Investments' at the time of purchase. Because some securities may not comply with this section subsequent to the date of purchase, the CFO/Treasurer shall at least quarterly review the portfolio to identify those securities that do not comply. The CFO/Treasurer shall establish procedures to report to the Company's Board of Directors, major and critical incidences of non-compliance identified through the review of the portfolio.

Investment Pools / Mutual Funds

When the Company's investment portfolio includes Investment Pools and Mutual Funds, as permitted in the section 'Authorized and Suitable Investments', the CFO/Treasurer shall as a matter of due diligence, monitor the assets held by the pools/funds. At least quarterly, the CFO/Treasurer will conduct an investigation to determine the following:

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculation and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A fee schedule, and when and how it is assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

Safekeeping and Custody Agreements

To protect against potential losses caused by collapse of individual securities dealers, all securities owned by the Company shall be kept in safekeeping by a third-party bank trust department, acting as agent for the Company under the terms of a custody agreement executed by the bank and the Company. All securities will be received and delivered using standard delivery versus payment (DVP) procedures with the Company's custodial bank and evidenced by safekeeping receipts.

Diversification and Maximum Maturities

The Company will diversify its investment by security type and institution. With the exception of the US Government, its agencies and instrumentalities, and the Local Agency Investment Fund, no more than 5% of the Company's total investment portfolio will be invested in a single security type with a single financial institution.

To the extent possible, the Company will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Company will not directly invest in securities maturing more than 5 years from the date of purchase. Reserve funds may be invested in securities exceeding 5 years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

Internal Controls

The CFO/Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Company are protected from loss, theft, or misuse. The internal control structures shall be designed to provide reasonable assurance that these objectives are met. Internal controls shall be in writing and shall address the following: separation of transaction authority from accounting and record keeping, safekeeping of assets and written confirmation of telephone transactions for investments and wire transfers.

The external auditors will annually review the investments and general activities associated with the investment program. This review will provide internal control by assuring compliance with the Investment Policy and Company policies and procedures.

Performance Standards

The investment portfolio will be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints, and the cash flow needs.

The Company's investment strategy is passive. The performance of the Company's investment portfolio will be evaluated and compared to an appropriate benchmark in order to assess the success of the investment portfolio relative to the Company's Safety, Liquidity, and Return on Investments' objectives.

Investment Reporting

The CFO/Treasurer will prepare a quarterly Investment Report and render the report to the Board of Directors no later than 30 days after the close of each calendar quarter.

The report shall provide the type of investment, issuers, the date of maturity, par values and market values of each investment, transactions occurring during the reporting period, and identification of funds managed by third party managers. The report will also include 1) certification that all investment transactions have been made in compliance with the Company's Investment Policy, and 2) a statement that the Company has the ability to meet all of its expenditure requirements during the next six months.

Policy Adoption

Adoption. This policy shall be reviewed annually with the Board of Directors and adopted by Board Resolution.

Delegation of Authority

The Board has sole authority to amend or revise this Investment Policy.

DRAFT



San Antonio Water Company
Reserve Funds Policy

Approval Date:

Purpose

Fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. It is the purpose of this Reserve Policy to ensure that sufficient funds are available for current operating, capital, and debt service needs. Reserve Funds (Funds) will be accumulated and maintained to allow the Company to fund expenditures in a manner consistent with the Company's Capital Improvement Plan and avoid rate fluctuations due to changes in cash flow requirements.

The Board of Directors will designate specific fund accounts and establish minimum fund balances that it has determined to be in the best interest of the Company. The Board will annually review the level of Funds.

General Provisions

Guidelines

The Company has established and will maintain the following primary reserve funds:

- Operating Reserve Funds
- Capital Reserve Funds
- Debt Service Reserve Funds

Each fund will be maintained in a manner that ensures financial soundness and provides transparency to Company Shareholders. Minimum fund balances stated in this policy are considered the minimum necessary to adequately provide for: compliance with applicable statutory requirements, financing repair and replacement of capital facilities, economic uncertainties and financial hardship due to disasters or economic downturn.

The minimum established for each Fund represents the baseline financial condition that is acceptable to the Company.

Fund balances will be reviewed by the Board on an annual basis at or near the end of the fiscal year. Operating Reserve Fund balance that exceeds the established maximum will be transferred annually into the Capital Reserve Fund.

On an as-needed basis, monies from the Capital Reserve Fund can be used to pay for operating emergencies as a supplement to the Operating Reserve Fund.

If the Capital Reserve Fund balance exceeds the established maximum, the Board will make a determination regarding reallocation of excess monies.

Delegation of Authority

The Board has sole authority to amend or revise the Reserve Funds Policy.

Operating Reserves

Purpose

The Operating Reserve Fund is used for unanticipated operating expenses and to meet routine cash flow needs.

Target Level

The minimum target level for the Operating Reserve is 90 days of Company's budgeted total operating expenses.

The maximum target level for the Operating Reserve is 180 days of Company's budgeted total operating expenses.

Events or Conditions Prompting the Use of the Fund

Staff may routinely utilize this fund to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses.

The Board may determine to use this fund for extraordinary decreases in revenues or unexpected increases in expenses.

Periodic Review Dates for Balances

Operating Reserve fund balance will be approved by the Board during preparation of annual budget.

Capital Reserves

Purpose

The Capital Reserve Fund is intended for:

- The planned replacement of capitalized assets when they reach the end of their useful lives.
- The emergency replacement of capitalized assets when they have catastrophically failed.

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Target Levels

The Company will strive to maintain a minimum balance totaling 5% of Company's Total Property, Plant and Equipment value as reported in the most recent Independent Auditors' Report.

The Company will strive to maintain a maximum balance below 20% of Company's Total Property, Plant and Equipment value as reported in the most recent Independent Auditors' Report.

Events or Conditions Prompting the Use of the Fund

The Board will determine when a condition exists matching the purpose of this fund.

Periodic Review Dates for Balances

Capital Reserve fund balance will be approved by the Board during preparation of annual budget.

Debt Service Reserves

Purpose

The Debt Service Reserve Fund is intended to comply with restrictions set forth in legal documents pertaining to the Company's borrowing of money. These funds may be held in trust in favor of the loan holder.

Target Level

The Company will maintain a minimum balance as determined by conditions set forth in the borrowing documents.

The Company will strive to maintain a maximum balance that is no more than required to ensure continued compliance with conditions of the borrowing documents.

Events or Conditions Prompting the Use of the Fund

As stipulated in the borrowing documents authorized by the Board.

Periodic Review Dates for Balances

Debt Service Reserves will be reviewed by staff on a regular basis consistent with the payment schedule conditions of the borrowing documents.

Agenda Item No. 5B

Item Title: SB998 – Policy and Procedure

Purpose:

To change current policy to observe the Senate Bill 998 (Dodd) and Water Affordability that was approved by Governor September 28, 2018.

Issue:

Legislation has changed the way water agencies with 200 or more connections notify and disconnect water services for non-payment.

Manager's Recommendation:

That the Committee recommend approval of the proposed policy and procedure that staff drafted in conformance to the new law.

Background:

California has the highest rate of poverty in the United States due mostly to the cost of living. The #1 poverty-driver is the cost of housing. According to Laura Feinstein of Public Policy Institute of California (PPIC) the cost of water is not a driver of poverty but the water bill is in competition with other household expenses such as rent, other utilities, medical expenses and emergency expenses. The Human Right to Water legislation led to Senate Bill No. 998 [an act to add Chapter 6...commencing with Section 116900] to Part 12 of Division 104 of the Health and Safety Code relating to water.

This legislation applies to individually metered residential service to:

- ✓ Detached single-family dwellings
- ✓ Multi-unit residential structures
- ✓ Mobile home parks
- ✓ Where property owner or manager is the customer of record

Implementation deadlines and requirements require PUC Regulated & "Urban Water Suppliers" begin by February 1, 2020. All other suppliers with more than 200 connections need to implement by April 1, 2020. It requires the following:

- ✓ Translation in 5 languages in addition to English
- ✓ Include a plan for deferred or reduced payments
- ✓ Provide alternative payment schedules
- ✓ Formal appeals process
- ✓ Telephone number customers can call to discuss options

The bill would prohibit San Antonio Water Company from discontinuing residential service for nonpayment until a payment by a customer has been delinquent for at least 60 days. This requirement has caused us to review and change our shut off practices. Shareholder will now get two bills before a final notice would be issued on the first bill. The procedure will also include a door hanger and phone call reminder before a shareholder's water would be disconnected for non-payment.

Agenda Date: January 28, 2020

Annual reporting is also part of the changes. The State Water Resources Control Board is requiring water companies to report the number of shut-offs to their website in addition to posting on the individual water company's website.

Failure to implement this policy, provide annual report and/or not following policy will result in water company subject to fines of \$1,000 per day and enables the states ability to recover enforcement and litigation costs.

Impact on the Budget:

Additional cost for language translation and staff time to prepare and hang door hangers. Delay of payment could affect when revenue received.

Previous Actions:



Purpose

The purpose of this collection policy is to establish administrative actions for the collection of delinquent accounts, including notification, fee assignments and discontinuation of service. This policy will be made available to the public on the Company's website. The Company can be contacted by phone at (909)982-4107 to discuss options for averting discontinuation of water service for nonpayment under the terms of this policy.

General Provisions

Reference:

Senate Bill No. 998: Discontinuation of Residential Water Service

Objectives

Delinquent Account:

Delinquent accounts are hereafter identified as any account that remains unpaid (and without having payment arrangements or established an alternative payment schedule) by close of business 21 days after issuance of the water bill. The following rules apply to the collection of delinquent accounts:

1. Small Balance Accounts:
Any balance \$10 or less may be carried over, and added to, the next billing period without being assessed a late fee or incurring further collection action.
2. Additional Notification and Late Fee:
If payment for a previous billed amount is not received after second bill is issued, a late fee will be assessed and a Final Notice sent. The due date and late fee will be displayed prominently on the final notice.
3. This notification will serve as a reasonable, good faith effort to contact the shareholder in writing at least 10 business days before discontinuation of water service for non-payment. The written notice will be mailed to the mailing address designated on the account. If the mailing address and the address of the property to which water service is provided are different, a second notice will be mailed to the service address and addressed to "Occupant".
4. Waiver of Late Fee:
At the written request of the shareholder, the Company may consider waiving the late fee if there are extenuating circumstances and the shareholder has not been assessed a late fee for delinquent payment in the preceding 12 months.

5. Alternative Payment Arrangements:

Any shareholder who is unable to pay for water service within the normal payment period may request an alternative payment arrangement to avoid late fees or disruption of service. In order to make such a request, the shareholder must contact the office in person or by phone. The Company will consider all circumstances surrounding the request and make a determination as to whether the payment arrangement is warranted.

Payment arrangements that extend into subsequent billing periods are considered an amortization plan, which must be in writing and signed by the shareholder. An amortization plan will amortize the unpaid balance over a period defined by the shareholder, not to exceed 12 months from the original date of the bill. The amortized payments will be combined with, and subject to the due date of the shareholder's regular bill. The shareholder must comply with the terms of the amortization plan and remain current as charges accrue in each subsequent billing period. The shareholder may not request further amortization of any subsequent unpaid charges while paying delinquent charges pursuant to an amortization plan. Failure to comply with the terms of an amortization plan will result in the issuance of a written disconnection notice. The disconnection notice will be mailed to the premise no less than 5 business days in advance of discontinuance of service.

6. Notice to Residential Tenants/Occupants in an Individually Metered Residence

The Company will make a reasonable, good faith effort to inform the occupants, by means of written notice, when the water service account is in arrears and subject to disconnection at least 10 days before water service is shut off. The written notice will advise the tenant/occupant that they have the ability to become shareholders of the Company without being required to pay the amount due on the delinquent account, as long as they are willing to assume financial responsibility for subsequent charges for water service at that address. In order for the amount due on the delinquent account to be waived, the tenant/occupant must provide verification of tenancy in the form of a rental agreement or proof of rent payments. The Company will require the occupant to become a shareholder within 60 days to comply with the water company's bylaws that state water delivery to shareholders only.

7. Notice to Tenants/Occupants in a Multi-Unit Complex Served through a Master Meter

The Company will make a reasonable, good faith effort to inform the occupants, by means of written notice hung on the door of each residence, when the water service account is in arrears and subject to disconnection at least 10 days before water service is shut off. The written notice will advise the tenant/occupant that they have the ability to become shareholders of the Company without being required to pay the amount due on the delinquent account, as long as they are willing to assume financial responsibility for subsequent charges for water service at the address(es) served by the master meter. If

one or more of the occupants are willing and able to assume responsibility for the subsequent charges for water service to the satisfaction of the Company, or if there is a physical means, legally available to the Company, of selectively terminating service to those occupants who have not met the requirements for service, the Company will make service available to the occupants who have met those requirements.

8. Forty-eight (48) Hour Notice of Termination:

The Company will make a reasonable, good faith effort to notify the shareholder 48 hours in advance of disconnection of water service for non-payment. The means of notification will be based upon notification preference (text, phone, or email) selected by the shareholder. Shareholders who have not selected a means of notification will be notified by phone. If the Company is unable to make contact by text, phone, or email, a good faith effort will be made to visit the residence and leave a notice of termination of service.

9. Disconnection Deadline:

All delinquent water service charges and associated fees must be received by the Company by 5:00 p.m. on the day specified in the written final notice.

10. Disconnection of Water Service for Non-Payment:

The Company will disconnect water service by turning off, and in some cases locking off, the meter. Before service is disconnected, the customer will be notified by a written final notice at least 10 business days prior to termination and a second notice 48 hours prior to termination of service. The customer will be charged a fee to re-establish service in the billing system regardless of whether the meter has physically been turned off. The meter will be locked in the off position if payment is not received within 2 days of initial termination.

11. Re-establishment of Service:

In order to resume or continue service that has been disconnected for non-payment, the shareholder must pay a re-establishment fee. The Company will endeavor to reconnect service as soon as practicable but, at a minimum, will restore service before the end of the next regular working day following payment of any past due amount and delinquent fees attributable to the termination of service. Water service that is turned on by any person other than Company personnel or without Company authorization may be subject to fines or additional charges or fees. Any damages that occur as a result of unauthorized restoration of service are the responsibility of the shareholder.

12. Re-establishment of Service After Hours:

Service restored on weekends, holidays, or after 3:30pm on business days will be charged an after-hours re-establishment fee. Service will not be restored after regular business hours unless the customer has signed an agreement acknowledging the fee and agreeing to contact the Company's office no later than 10 am the following business day to pay the

subject fee. Company staff responding to service calls are not permitted to collect payment but will instruct the shareholder to contact the office before 10 am the following business day. Services that are off and locked cannot be re-established after hours.

13. Notification of Disposition of Returned Check:

Upon receipt of a returned check taken as payment of water service or other charges, the Company will consider the account not paid. The Company will make a reasonable, good faith effort to notify the customer by phone or door hanger of the returned check. A 48-hour notice of termination of service due to a returned check will be generated. If the Company is unable to make contact by phone, a good faith effort will be made to visit the residence and leave a notice.

Water service will be disconnected if the amount of the returned check and the returned check charge are not paid on or before the date specified in the notice. All amounts paid to redeem a returned check and to pay the returned check charge must be in cash, credit card or certified funds.

14. Disputed Bills:

If a shareholder disputes the water bill and exercises their right to appeal. The Company will not disconnect water service for non-payment while the appeal is pending.

15. Appeals

A shareholder may appeal a pending shutoff by contacting the office. The Company shall review such an appeal and provide a recommendation for resolution to the General Manager and/or their designee.

Agenda Item No. 5C

Item Title: Amend Employee Recognition Rewards Program

Purpose:

To change current policy to observe the tax laws when it comes to company provided gift cards.

Issue:

Research of the tax law shows the need to all tax gift cards paid by the Company. Staff recommends to change the current policy from gift cards to include monetary amount in employee's paycheck to make it simple to implement tax withholdings.

Manager's Recommendation:

That the Committee recommends amending the employee recognition rewards program to remove gift cards and include monetary amount in paycheck to affect the necessary tax withholdings.

Background:

In October 2014, the AFC recommended amending the employee recognition rewards to be in line with the IRS ruling regarding De Minimis fringe benefit. The IRS has ruled previously in a particular case that items with a value exceeding \$100 could not be considered De Minimis, even under unusual circumstances and therefore, taxable. So gift cards more than \$100 were changed in the policy to be money in the employee's paycheck and therefore taxable.

It was brought to management's attention that all gift cards are to be taxed. Staff provided the Federal guidelines and management sought a legal opinion from labor attorney and they confirmed this was the case.

The anniversary program is as follows with the proposed changes underlined or striked:

1. 5 year anniversary
Plaque or Pearl catalog (\$50)
\$50.00 in paycheck ~~Gift Card~~
2. 10 year anniversary
Plaque or Pearl catalog (\$50)
\$100.00 in paycheck ~~Gift Card~~
"1 Day off with pay coupon/certificate"
3. 15 year anniversary
Certificate or Ruby catalog (\$75)
\$150.00 in paycheck
"1 day off with pay coupon/certificate"
Luncheon
4. 20 year anniversary
Glass engraved sculpture or Ruby catalog (\$75)

Agenda Date: January 28, 2020

\$200.00 in paycheck
"1 day off with pay coupon/certificate"
Luncheon

5. 25 year anniversary
Glass engraved sculpture or Emerald catalog (\$100)
\$250.00 in paycheck
"1 day off with pay coupon/certificate"
Luncheon
6. 30 year anniversary
Glass engraved sculpture or Emerald catalog (\$100)
\$300.00 in paycheck
"1 day off with pay coupon/certificate"
Luncheon

Impact on the Budget:

No change in budget

Previous Actions:

2007 – Approval of program
2014 – Amendment to IRS ruling
2016 – Included catalog option

Agenda Item No. 5D

Item Title: Salary Table Adjustment

Purpose:

To consider adjusting employee salary ranges to match local inflation.

Issue:

Two issues are before the Committee:

- Does the Committee recommend adjusting Company salary tables to match inflation?
- Which Consumer Price Index to use for adjustment?

Manager's Recommendation:

Recommend to the full Board adjusting the Company's salary tables 3.0% upward based on the Riverside / San Bernardino / Ontario 'Consumer Price Index for Urban Wage Earners and Clerical Workers' change from January 2018 to January 2019.

Background:

A Consumer Price Index (CPI) measures changes in the price of consumer goods and services purchased by households. The Federal Bureau of Labor Statistics (BLS) tracks CPI for geographical areas in the States (www.bls.gov).

Based on changes in the CPI tables, companies may adjust wages to ensure employee's 'cost of living' is not impacted negatively by inflation. Adjustment to salary tables based on CPI are called, "Cost of Living Adjustments (COLA)".

Yearly, the Company considers adjustments to its salary tables based on published federal changes to a CPI index.

In 2013 the AFC committed to using the 'Los Angeles-Long Beach-Anaheim' CPI 12-month change from December to December when considering COLA adjustments to Company salary tables. At the time, the Los Angeles-Long Beach-Anaheim CPI was the closest geographic area to the Company and considered the best available measure of inflation for San Bernardino County.

In 2017 the BLS started tracking CPI for 'Riverside-San Bernardino-Ontario' on a bimonthly basis. Since 2018 the CPI numbers for Riverside-San Bernardino-Ontario have been published for the months of January, March, May, July, September and November.

The CPI numbers and respective yearly change are shown below:

Geographic Area	Dec 2017	Dec 2018	Change	% Change
Los Angeles, et al.	249.854	258.101	8.25	3.20

Geographic Area	Jan 2018	Jan 2019	Change	% Change
Riverside, et al.	100.944	104.062	3.12	3.00

January 28, 2020

Impact on the Budget:

Implementing a COLA for 2020 would increase salary ranges only and would increase labor costs for those employees currently at the top of their range at the time of their performance evaluation.

Previous Actions:

None.



Property and Casualty Insurance Proposal

Version 2

San Antonio Water Company

Effective
April 1, 2019 to April 1, 2020

Presented by:
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**SAN ANTONIO WATER COMPANY
PREMIUM COMPARISON**

COVERAGE	4/1/2019 TO 4/1/2020	4/1/2020 TO 4/1/2021
	Cal Mutuals JPRIMA (3 Year Program) LIMITS / PREMIUM	Cal Mutuals JPRIMA (3 Year Program) LIMITS / PREMIUM
PACKAGE		
Property		
Blanket Property (Replacement Cost)	\$9,500,540	\$9,579,240
- Real Property & Business Personal Property		
Blanket Coverage Extension; applies to the following -	\$2,000,000	\$2,000,000
- Business Income, Extended Business Income, Commandeered Property, Civil Authority, Extra Expense, Tenant Leasehold Interest, Electronic, Data, Preservation of Property		
Equipment Breakdown / Boiler & Machinery	Included	Included
Mobile Equipment (Actual Cash Value)		
- Scheduled	\$90,762	\$197,415
- Unscheduled, maximum \$10,000 any one item	\$61,451	\$61,602
- Borrowed, rented & leased	n/a	n/a
Terrorism	Included	Included
Crime Limits	\$250,000	\$250,000
Deductibles		
- Property	\$1,000	\$1,000
- Mobile Equipment	\$1,000	\$1,000
- Equipment Breakdown	\$1,000/\$2,500	\$1,000/\$2,500
- Crime	\$1,000	\$1,000
General Liability		
Payroll - Non Auditable	\$369,071	\$373,504
Budget - Non Auditable	\$4,502,018	\$3,504,070
Per Occurrence	\$1,000,000	\$1,000,000
General Aggregate	\$10,000,000	\$10,000,000
Products & Completed Operations Aggregate	\$10,000,000	\$10,000,000
Personal & Advertising Injury	\$1,000,000	\$1,000,000
Damage to Premises Rented To You	\$1,000,000	\$1,000,000
Medical Payments	\$10,000	\$10,000
Water & Wastewater Testing Errors & Omissions	Included	Included
Terrorism	Included	Included
Public Officials & Management Liability		
Wrongful Act-per act	\$1,000,000	\$1,000,000
Employment Practices (including third party discrimination)-per offense	\$1,000,000	\$1,000,000
Employee Benefits Plans-per act	\$1,000,000	\$1,000,000
Injunctive Relief-per act	\$5,000	\$5,000
Aggregate Limit	\$10,000,000	\$10,000,000
Deductible	\$1,000	\$1,000
Policy Form	Occurrence	Occurrence
Inverse Condemnation	Included	Included
Privacy & Network Security(Cyber Liability)-Wrongful Acts - per act	\$1,000,000	\$1,000,000
Breach Consultation Services-per offense	\$1,000,000	\$1,000,000
Breach Response Services-per offense	\$100,000	\$100,000
Public Relations & Data Forensics-per act	\$100,000	\$100,000
Privacy-Retroactive Date	6/1/2012	6/1/2012
Privacy-Deductible	None	None
Policy Form	Claims Made	Claims Made
Automobile		
Number of Vehicles	6	6
Combined Single Limit	\$1,000,000	\$1,000,000
Uninsured/Underinsured Motorist	\$1,000,000	\$1,000,000
Medical Expense	\$5,000	\$5,000
Hired/Non-Owned Liability	\$1,000,000	\$1,000,000
Hired Physical Damage	\$100,000	\$100,000
Owned Physical Damage	ACV	ACV
- Comprehensive Deductible	\$500	\$500
- Collision Deductible	\$500	\$500
Excess		
Each Occurrence	\$10,000,000	\$10,000,000
General Aggregate	\$10,000,000	\$10,000,000
Retention	None	None
Member Contribution	\$26,173	\$27,086
JPRIMA Administration Fees	\$2,718	\$2,808
Total Amount Due	\$28,891	\$29,894



**CALIFORNIA ASSOCIATION OF MUTUAL WATER COMPANIES
JOINT POWERS RISK AND INSURANCE MANAGEMENT AUTHORITY (JPRIMA)**

**COVERAGE PROPOSAL
San Antonio Water Company**

**COVERAGE PERIOD
4/1/2020 - 4/1/2021**

**PRESENTED BY:
Edgewood Partners Insurance Center**



**Insurance Administrator
www.alliedpublicrisk.com
Allied Community Insurance Services, LLC
CA License Number: 0L01269
National Producer Number: 17536322**



PREMIUM SUMMARY

NOTE: This proposal is prepared from information supplied to us on the application submitted by you or insurance broker. It may or may not contain all terms requested on the application. Coverage is provided by the JPRIMA Memorandum of Coverage (MOC) and subject to its terms, exclusions, conditions and limitations. A specimen MOC is available for your review, as is the JPRIMA Member Agreement. Enrollment in the JPRIMA requires execution of the JPRIMA Member Agreement as well as membership in the California Association of Mutual Water Companies (Cal Mutuals).

PAGE	COVERAGE SECTION		PREMIUM
3-7	SECTION 1. PROPERTY (Property, Equipment Breakdown & Mobile Equipment)	\$	5,999.00
8	SECTION 2. COMMERCIAL CRIME	\$	450.00
9-10	SECTION 3. COMMERCIAL GENERAL LIABILITY	\$	3,361.00
11	SECTION 4. PUBLIC OFFICIALS & MANAGEMENT LIABILITY (Wrongful Acts, Employment Practices & Employee Benefits, Privacy and Network Risk)	\$	3,266.00
12	SECTION 5. BUSINESS AUTO	\$	7,007.00
13	SECTION 6. COMMERCIAL EXCESS LIABILITY	\$	7,003.00
		MEMBER CONTRIBUTION	\$ 27,086.00
		JPRIMA ADMINISTRATION FEES	\$ 2,808.00
		TOTAL AMOUNT DUE*	\$ 29,894.00

*Payment is due within thirty (30) days of binding.

NOTES:

The JPRIMA MOC has a common anniversary date of April 1, 2020.

Terrorism coverage is automatically included for Property and General Liability.

COVERAGE PROPOSAL FOR MEMBER: San Antonio Water Company

EFFECTIVE DATE: 4/1/2020 - 4/1/2021

DISCLAIMER: Actual coverage is subject to the language of the MOC as issued.



SECTION 1. PROPERTY*

***PROPERTY IS INCLUDED IN THE PROPOSAL: Yes**

ISSUER:

- California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
- No Joint and Several Liability for Members
- 100% Reinsured

REINSURER:

- Allied World Insurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Proprietary & Integrated

LIMITS:

Blanket Property: (Real Property & Business Personal Property)	\$9,579,240
Blanket Coverage Extension: A separate blanket limit that applies to the following coverages: Business Income, Extended Business Income, Commandeered Property, Civil Authority, Extra Expense, Tenant Leasehold Interest, Electronic Data, Preservation of Property.	\$2,000,000
Equipment Breakdown / Boiler & Machinery:	Included
Mobile Equipment (scheduled):	\$197,415
Mobile Equipment (unscheduled, maximum \$10,000 any one item):	\$61,602
Mobile Equipment (borrowed, rented & leased):	N/A
Flood Zone X: (shaded/unshaded)	N/A

DEDUCTIBLES:

\$1,000	Property
\$1,000	Mobile Equipment
\$1,000	Equipment Breakdown (aboveground & less than 50 feet belowground)
\$2,500	Equipment Breakdown (greater than 50 feet belowground)
N/A	Flood Zone X (per occurrence)

COVERAGE HIGHLIGHTS:

- Blanket Property Limits & Blanket Coverage Extension Limits
- No Coinsurance Penalty
- Equipment Breakdown
- Foundations as Covered Property

VALUATION:

- Replacement Cost: Real Property & Business Personal Property
- Actual Cash Value: Mobile Equipment
- Actual Loss Sustained: Loss of Income & Expenses
- Market Price: Fine Arts

KEY EXCLUSIONS:

- Earthquake & Earth Movement
- Flood (unless coverage is designated above, such coverage would be limited to locations in Zone X only)

COVERAGE PROPOSAL FOR MEMBER: San Antonio Water Company

EFFECTIVE DATE: 4/1/2020 - 4/1/2021

DISCLAIMER: Actual coverage is subject to the language of the MOC as issued.

SPECIAL COVERAGES:

- **New Locations or Newly Constructed Property:**
Pays up to \$1,000,000 for your new real property while being built on or off described premises as well as real property you acquire, lease or operate at locations other than the described premises; and business personal property located at new premises.
- **Utility Services – Direct Damage, Business Income & Expense:**
Pays up to \$250,000 for covered property damaged by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss and does not apply to loss or damage to electronic data, including destruction or corruption of electronic data. Separate limits apply to Direct Damage and Business Income/Expense.
- **Pollution Remediation Expenses:**
Pays up to \$100,000 or \$250,000 for remediation expenses resulting from a Covered Causes of Loss or Specified Cause of Loss occurring during the coverage period and reported within 180 days. Covered Causes of Loss means risks of direct physical loss unless the loss is excluded or limited by the Property Coverage Form. Specified Cause of Loss means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow; ice or sleet; water damage; and equipment breakdown.
- **SCADA Upgrades:**
Pays up to \$100,000 to upgrade your scheduled SCADA system after direct physical loss from a Covered Cause of Loss. The upgrade is in addition to its replacement cost. SCADA means the Supervisory Control and Data Acquisition system used in water and wastewater treatment and distribution to monitor leaks, waterflow, water analysis, and other measurable items necessary to maintain operations.
- **Contract Penalties:**
Pays up to \$100,000 for contract penalties you are required to pay due to your failure to deliver your product according to contract terms solely as a result of direct physical loss or damage by a Covered Cause of Loss to Covered Property.
- **Contamination:**
Pays up to \$250,000 for loss or damage to covered property because of contamination as a result of a Covered Cause of Loss. Contamination means direct damage to real property and business personal property caused by contact or mixture with ammonia, chlorine, or any chemical used in the water and / or wastewater treatment process.
- **Property In Transit:**
Pays up to \$100,000 for direct physical loss or damage to covered property while in transit more than 1000 feet from the described premises. Shipments by mail must be registered for covered to apply. Electronic data processing property and fine arts are excluded.
- **Unintentional Errors:**
Pays up to \$250,000 for any unintentional error or omission you make in determining or reporting values or in describing the covered property or covered locations.

KEY DEFINITIONS

■ **Real Property:**

The buildings, items or structures described in the Declarations that you own or that you have leased or rented from others in which you have an insurable interest. This includes:

- Aboveground piping;
- Aboveground and belowground penstock;
- Additions under construction;
- Alterations and repairs to the buildings or structures;
- Buildings;
- Business personal property owned by you that is used to maintain or service the real property or structure or its premises, including fire-extinguishing equipment; outdoor furniture, floor coverings and appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- Completed additions;
- Exterior signs, meaning neon, automatic, mechanical, electric or other signs either attached to the outside of a building or structure, or standing free in the open;
- Fixtures, including outdoor fixtures;
- Foundations;
- Glass which is part of a building or structure;
- Light standards;
- Materials, equipment, supplies and temporary structures you own or for which you are responsible, on the premises or in the open (including property inside vehicles) within 1000 feet of the premises, used for making additions, alterations or repairs to buildings or structures at the premises;
- Paved surfaces such as sidewalks, patios or parking lots;
- Permanently installed machinery and equipment;
- Permanent storage tanks;
- Solar panels;
- Submersible pumps, pump motors and engines;
- Underground piping located on or within 100 feet of premises described in the Declarations;
- Underground vaults and machinery.

■ **Business Personal Property:**

The property you own that is used in your business including:

- Furniture and fixtures;
- Machinery and equipment;
- Computer equipment;
- Communication equipment;
- Labor materials or services furnished or arranged by you on personal property of others;
- Stock;
- Your use interest as tenant in improvements and betterments.
- Leased personal property for which you have a contractual responsibility to insure.

■ **Pollution Conditions:**

The discharge, dispersal, release, seepage, migration, or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, minerals, chemical elements and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

KEY DEFINITIONS (continued)

■ **Remediation Expenses:**

Expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment, or neutralization of pollution conditions to the extent required by: (1) Federal, state or local laws, regulations or statutes, or any subsequent amendments thereof enacted to address pollution conditions; and (2) a legally executed state voluntary program governing the cleanup of "pollution conditions."

■ **Outdoor Property:**

Fixed or permanent structures that are outside covered real property including but not limited to:

- Historical markers or flagpoles;
- Sirens, antennas, towers, satellite dishes, or similar structures and their associated equipment;
- Exterior signs not located at a premises;
- Fences or retaining walls;
- Storage sheds, garages, pavilions or other similar buildings or structures not located at a premises;
- Dumpsters, concrete trash containers, or permanent recycling bins; or
- Hydrants.

■ **Equipment Breakdown:**

Direct damage to mechanical, electrical or pressure systems as follows:

- Mechanical breakdown including rupture or bursting caused by centrifugal force;
- Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires;
- Explosion of steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control;
- Loss or damage to steam boilers, steam pipes, steam engines or steam turbines; or
- Loss or damage to hot water boilers or other water heating equipment;
- If covered electrical equipment requires drying out as a result of a flood, we will pay for the direct expenses for such drying out.
- None of the following are covered objects as respects to equipment breakdown:
 - a. Insulating or refractory material;
 - b. Buried vessel or piping;
 - c. Sewer piping, piping forming a part of a fire protection system or water piping other than:
 - (1) Feed water piping between any boiler and its feed pump or injector;
 - (2) Boiler condensate return piping; or
 - (3) Water piping forming a part of refrigerating and air conditioning vessels and piping used for cooling, humidifying or space heating purposes;
 - d. Structure, foundation, cabinet or compartment containing the object;
 - e. Power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, penstock, draft tube or well-casing;
 - f. Conveyor, crane, elevator, escalator or hoist, but not excluding any electrical machine or electrical apparatus mounted on or used with this equipment; and
 - g. Felt, wire, screen, die, extrusion, late, swing hammer, grinding disc, cutting blade, cable chain, belt, rope, clutch late, brake pad, non-metallic part or any part or tool subject to frequent, periodic replacement.



PROPERTY SUBLIMITS:

Coverage				Limit		
Accounts Receivable	X	\$500,000	<input type="checkbox"/>	\$1,000,000	<input type="checkbox"/>	\$2,000,000
Valuable Papers and Records	X	\$500,000	<input type="checkbox"/>	\$1,000,000	<input type="checkbox"/>	\$2,000,000
Contamination	X	\$250,000				
Tools and Equipment Owned by Your Employees	X	\$5,000	<input type="checkbox"/>	\$10,000	<input type="checkbox"/>	\$25,000
Personal Effects and Property of Others	X	\$5,000	<input type="checkbox"/>	\$10,000	<input type="checkbox"/>	\$25,000
New Locations or Newly Constructed Property		\$1,000,000				
Business Personal Property at New Locations		\$1,000,000				
Backup/Overflow of Water from Sewer, Drain, Sump		\$250,000				
Utility Services - Direct Damage		\$250,000				
Utility Services –		\$250,000				
Business Income and Extra Expense						
Dependent Business Premises		\$250,000				
Property at Other Locations		\$250,000				
Pollution Remediation Expense (specified cause of loss)		\$250,000				
Outdoor Property (unscheduled)		\$100,000				
Contract Penalties		\$100,000				
Pollution Remediation Expense (covered cause of loss)		\$100,000				
Property in Transit		\$100,000				
SCADA Upgrades		\$100,000				
Indoor and Outdoor Signs (unscheduled)		\$50,000				
Limited Coverage for “Fungus”, Wet Rot or Dry Rot		\$50,000				
Fine Arts		\$25,000				
Fire Department Service Charge		\$25,000				
Fire Protection Devices		\$25,000				
Key and Lock Replacement Expenses		\$25,000				
Trees, Shrubs & Plants (maximum \$1,000 any one item)		\$25,000				
Arson Reward		\$10,000				
Rental Reimbursement – Mobile Equipment		\$10,000				
Cost of Inventory or Adjustment		\$5,000				
Non-Owned Detached Trailers		\$5,000				
Water Contamination Notification Expenses		\$5,000				
Patterns, Dies, Molds, Forms		\$2,500				
Debris Removal		25% of scheduled limit plus \$250,000				
Ordinance or Law Provision		100% of scheduled limit plus 25%				

NOTES:

Contribution is calculated from attached property schedule; review property schedule for coverage and limit adequacy.

Flood and Earthquake coverages are excluded.

COVERAGE PROPOSAL FOR MEMBER: San Antonio Water Company

EFFECTIVE DATE: 4/1/2020 - 4/1/2021

DISCLAIMER: Actual coverage is subject to the language of the MOC as issued.



SECTION 2. COMMERCIAL CRIME*

***COMMERCIAL CRIME IS INCLUDED IN THE PROPOSAL: Yes**

ISSUER:

- California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
- No Joint and Several Liability for Members
- 100% Reinsured

REINSURER:

- Allied World Insurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Proprietary & Integrated

RATING BASIS:

- On file with underwriter
- Non auditable

LIMITS:

COVERAGE GROUP SELECTED	EMPLOYEE THEFT	FORGERY OR ALTERATION	INSIDE THE PREMISES Theft of Money and Securities	INSIDE THE PREMISES Robbery or Safe Burglary or Other Property	OUTSIDE THE PREMISES	COMPUTER FRAUD	FUNDS TRANSFER FRAUD	MONEY ORDERS & COUNTERFEIT PAPER CURRENCY
	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
X	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
	\$500,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
	\$1,000,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
	\$2,000,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000

DEDUCTIBLE:

\$1,000 each claim

DESIGNATED EMPLOYEE BENEFIT PLAN(S):

COVERAGE HIGHLIGHTS:

- Separate Limits Apply to Each Coverage
- Coverage Extended to Directors and Authorized Volunteers
- Faithful Performance

NOTES:

COVERAGE PROPOSAL FOR MEMBER: San Antonio Water Company

EFFECTIVE DATE: 4/1/2020 - 4/1/2021

DISCLAIMER: Actual coverage is subject to the language of the MOC as issued.



SECTION 3. GENERAL LIABILITY*

***GENERAL LIABILITY IS INCLUDED IN THE PROPOSAL: Yes**

ISSUER:

- California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
- No Joint and Several Liability for Members
- 100% Reinsured

REINSURER:

- Allied World Insurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Occurrence
- Defense Costs Outside the Limit
- Proprietary & Integrated

RATING BASIS:

- On file with underwriter
- Non auditable

LIMITS:

Per Occurrence	\$ 1,000,000
General Aggregate	\$10,000,000
Products & Completed Operations Aggregate	\$10,000,000
Personal & Advertising Injury Limit	\$ 1,000,000
Damage to Premises Rented to You	\$ 1,000,000
Medical Payments	\$ 10,000

DEDUCTIBLE:

N/A

COVERAGE HIGHLIGHTS:

- Duty to Defend
- Broad Definition of Enrolled Named Member
- Blanket Additional Enrolled Named Member
- **Water & Wastewater Testing Errors & Omissions**
- Expanded Pollution Liability
- Failure to Supply (no ISO limitation)
- Lead (potable water)
- Waterborne Asbestos (potable water)
- Product Recall
- Impaired Property
- Fungi & Bacteria

OPTIONAL COVERAGES:

- Hired & Non Owned Automobile Liability
- Employee Benefits Liability
- Dam, Levee & Dike Structural Failure

COVERAGE PROPOSAL FOR MEMBER: San Antonio Water Company

EFFECTIVE DATE: 4/1/2020 - 4/1/2021

DISCLAIMER: Actual coverage is subject to the language of the MOC as issued.

SPECIAL COVERAGES:

■ **Water & Wastewater Testing Errors & Omissions:**

Coverage is provided for damages arising out of an act, error or omission which arises from your water or wastewater testing.

■ **Failure To Supply:**

Coverage is provided for bodily injury or property damage arising out of the failure of any Enrolled Named Member to adequately supply water.

■ **Waterborne Asbestos:**

Coverage is provided for bodily injury or property damage from waterborne asbestos arising out of potable water which is provided by you to others.

■ **Contractual Liability - Railroads:**

Coverage is provided for any contract or agreement that indemnifies a railroad for bodily injury or property damage arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing.

■ **Pollution:**

Coverage is provided for bodily injury or property damage which occurs or takes place as a result of your operations and arises out of the following:

- Potable water which you supply to others;
- Chemicals you use in your water or wastewater treatment process;
- Natural gas or propane gas you use in your water or wastewater treatment process;
- Urgent response for the protection of property, human life, health or safety conducted away from premises owned by or rented to or regularly occupied by you;
- Your application of pesticide or herbicide chemicals if such application meets all standards of any statute, ordinance, regulation or license requirement of any federal, state or local government;
- Smoke drift from controlled or prescribed burning that has been authorized and permitted by an appropriate regulatory agency.
- Fuels, lubricants or other operating fluids needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of mobile equipment or its parts
- Escape or back-up of sewage or waste water from any sewage treatment facility or fixed conduit or piping that you own, operate, lease, control or for which you have the right of way, but only if property damage occurs away from land you own or lease.
- Sudden and accidental events that are neither expected nor intended by an Enrolled Named Member. However, no coverage is provided under this exception for petroleum underground storage tanks.

■ **Damage to Impaired Property or Property Not Physically Injured**

Coverage is provided for bodily injury or property damage arising from your potable water, nonpotable water, or wastewater as well as any loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

■ **Fungi or Bacteria**

Coverage is provided for bodily injury or property damage arising from any "fungi" or bacteria that are, are on, or are contained in a good or product intended for consumption; or to any injury or damage arising out of or caused by your water, irrigation, or wastewater intake, outtake, reclamation, treatment and distribution processes.

■ **Recall of Products, Work or Impaired Property**

Coverage applies to any injury or damage arising out of or caused by your potable water, nonpotable water, or wastewater for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of: "Your product"; "Your work"; or "Impaired property"; if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

NOTES:

Additional Designated Enrolled Named Member endorsement to be added with PNC wording for San Bernardino County Flood Control District and County of San Bernardino and Holliday Rock Co., Inc. .



SECTION 4. PUBLIC OFFICIALS & MANAGEMENT LIABILITY*

***PUBLIC OFFICIALS & MANAGEMENT LIABILITY IS INCLUDED IN THE PROPOSAL: Yes**

ISSUER:

- California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
- No Joint and Several Liability for Members
- 100% Reinsured

REINSURER:

- Allied World Insurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Proprietary & Integrated
- Occurrence
- Defense Costs Outside the Limits

RATING BASIS:

- On file with underwriter
- Non auditable

LIMITS:

Wrongful Acts	\$1,000,000 per act
Employment Practices (including third party discrimination)	\$1,000,000 per offense
Employee Benefit Plans	\$1,000,000 per act
Injunctive Relief	\$5,000 per act
	\$10,000,000 aggregate limit

PRIVACY LIABILITY AND NETWORK RISK¹:

Privacy & Network Security Wrongful Acts	1,000,000 per act
Breach Consultation Services	1,000,000 per offense
Breach Response Services	100,000 per offense
Public Relations & Data Forensics	100,000 per act

¹Coverage provided for Privacy Liability & Network Risk Coverage is issued on a claims made basis with defense inside the limit of liability. Privacy Retroactive Date:6/1/2012. Privacy Deductible: None.
*\$1,000,000 maximum annual aggregate applies per Enrolled Named Member, with a \$2,000,000 coverage form aggregate applicable to all participating Enrolled Named Members.

SPECIAL COVERAGE:

- Inverse Condemnation

RETROACTIVE DATE:

N/A

DEDUCTIBLE:

\$1,000 each claim including expenses

COVERAGE HIGHLIGHTS:

- Duty To Defend
- Broad Definition of Enrolled Named Member including Past and Future Employees
- Outside Directorship

NOTES:

COVERAGE PROPOSAL FOR MEMBER: San Antonio Water Company

EFFECTIVE DATE: 4/1/2020 - 4/1/2021

DISCLAIMER: Actual coverage is subject to the language of the MOC as issued.



SECTION 5. BUSINESS AUTO*

***BUSINESS AUTO IS INCLUDED IN THE PROPOSAL: Yes**

ISSUER:

- California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
- No Joint and Several Liability for Members
- 100% Reinsured

REINSURER:

- Allied World Insurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Proprietary & Integrated
- Occurrence
- Defense Costs Outside the Limits

PORTFOLIO:

Coverage	Symbol	Limit
Combined Single Limit for Bodily Injury & Property Damage (each accident)	1	\$1,000,000
Hired Auto Liability	8	\$1,000,000
Non-Owned Auto Liability	9	\$1,000,000
Medical Payments	2	\$5,000
Uninsured / Underinsured Motorists	2	\$1,000,000
Hired Physical Damage	8	\$100,000
Owned Physical Damage – Comprehensive	2	ACV
Owned Physical Damage – Collision	2	ACV
Towing & Rental Car Reimbursement (covered accident)		\$75 per Day up to 30 Days
Fleet Automatic		Included

DEDUCTIBLE:

Liability: None
 Comprehensive: \$500
 Collision: \$500

NOTES:

**Please refer to auto terms provided for per unit coverage.
 Additional Designated Enrolled Named Member endorsement to be added with PNC wording for San Bernardino County Flood Control District and County of San Bernardino and Holliday Rock Co., Inc. .**



SECTION 6. EXCESS LIABILITY*

***EXCESS LIABILITY IS INCLUDED IN THE PROPOSAL: Yes**

ISSUER:

- California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
- No Joint and Several Liability for Members
- 100% Reinsured

REINSURER:

- Allied World Insurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

FORM:

- Following Form
- Occurrence
- Defense Costs Outside the Limits

LIMITS:

\$10,000,000/\$10,000,000

SCHEDULED UNDERLYING POLICIES:

Commercial General Liability - Yes
 Hired and Non-Owned Auto Liability - Yes
 Owned Auto Liability - Yes
 Public Officials & Management Liability - Yes
 Wrongful Acts - Yes
 Employment Practices - Yes
 Employee Benefit Plans - Yes
 Employers' Liability: *(minimum underlying limit requirement of \$500,000 / \$500,000 / \$500,000)* - Yes
 Other:

NOTABLE EXCLUSION:

- Workers' Compensation
- Uninsured Motorists / Underinsured Motorists
- Underlying Limits < \$1,000,000 except for Employers' Liability

NOTES:

Employers' Liability subject to JPRIMA security requirements.

Proposal Letter

POLICY NUMBER	Coverage is provided by:	Agency Code
	Joint Powers Risk and Insurance Management Authori	
POLICY PERIOD:		
From: 04/01/2020 To: 04/01/2021 (12:01 AM Standard time at the address shown in Named Insured)		
NAMED INSURED:		
San Antonio Water Company 139 N. Euclid Avenue Upland, CA 91786		AGENT:

Location 1

139 N. Euclid Avenue
Upland, CA 91786

Territories	
Liability	012
Property	1
Business Auto	059
Location Totals	
Business Auto	\$7,007
Total Premium	\$7,007

Business Auto		
139 N. Euclid Avenue Upland, CA 91786		
Liability Limit	Liability Deductible	Type of Fleet
\$1,000,000		Fleet

Non-Owned Auto		
Coverage	Limit / Deductible	Premium
Liability	See Above	
Number of Employees	25	\$90
	NOA Premium :	\$90

Vehicle Schedule				
Vehicle #	Year Make/Model	Class Code	VIN #	Type
1	2012 Ford/F350	21499	1FD8W3E64CEC78287	Truck
2	2012 Ford/F550	21499	1FDUF5GT4GEA43661	Truck
3	2008 International/4300	21479	1HTMMAAL18H565023	Truck
4	2004 Chevrolet/Pickup	01499	1GBHC2928E311490	Truck
5	2014 Ford/F-250	01499	1FT7X2BT9EEA97514	Truck
6	2019 Ford/F-250	01499	1FT7X2BT4KEC70321	Truck

Vehicles				
Vehicle #	Cost New:	Territory:	Total Premum:	
1	\$41,188	059		\$1,162
Coverage	Limit / Deductible		Premium	
Liability	See Above		\$826	
Medical	\$5,000		\$57	
Comp	\$500		\$34	
Collision	\$500		\$140	
Uninsured	\$1,000,000		\$105	
Underinsured	\$1,000,000		Incl	

Vehicle # 2	Cost New: \$62,479	Territory: 059	Total Premium:	\$1,162
Coverage	Limit / Deductible		Premium	
Liability	See Above		\$826	
Medical	\$5,000		\$57	
Comp	\$500		\$34	
Collision	\$500		\$140	
Uninsured	\$1,000,000		\$105	
Underinsured	\$1,000,000		Incl	

Vehicle # 3	Cost New: \$44,577	Territory: 059	Total Premium:	\$959
Coverage	Limit / Deductible		Premium	
Liability	See Above		\$669	
Medical	\$5,000		\$57	
Comp	\$500		\$21	
Collision	\$500		\$107	
Uninsured	\$1,000,000		\$105	
Underinsured	\$1,000,000		Incl	

Vehicle # 4	Cost New: \$33,750	Territory: 059	Total Premium:	\$1,090
Coverage	Limit / Deductible		Premium	
Liability	See Above		\$787	
Medical	\$5,000		\$57	
Comp	\$500		\$36	
Collision	\$500		\$105	
Uninsured	\$1,000,000		\$105	
Underinsured	\$1,000,000		Incl	

Vehicle # 5	Cost New: \$48,429	Territory: 059	Total Premium:	\$1,219
Coverage	Limit / Deductible		Premium	
Liability	See Above		\$787	
Medical	\$5,000		\$57	
Comp	\$500		\$52	
Collision	\$500		\$218	
Uninsured	\$1,000,000		\$105	
Underinsured	\$1,000,000		Incl	

Vehicle # 6	Cost New: \$57,723	Territory: 059	Total Premum:	\$1,325
Coverage	Limit / Deductible		Premium	
Liability	See Above		\$787	
Medical	\$5,000		\$57	
Comp	\$500		\$64	
Collision	\$500		\$312	
Uninsured	\$1,000,000		\$105	
Underinsured	\$1,000,000		Incl	

Business Auto Policy Level Totals

Liability	\$4,772
Medical	\$342
Uninsured	\$630
Comprehensive	\$241
Collison	\$1,022
Total	\$7,007
Vehicle Totals	\$6,917
Drive Other / Hired Auto / Non Owned Total	\$90

Policy Totals	
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Business Auto	\$7,007.00
Policy Total	\$7,007.00

Loc #	Description	Street	City	State	Zip	Building	Contents
1-1	Booster #1A	400 E. 20th	Upland	CA	91786	\$950,000.00	
1-2	Reservoir #1	400 E. 20th	Upland	CA	91786	\$130,000.00	
1-3	Carport Structure	400 E. 20th	Upland	CA	91786	\$26,000.00	
2-1	Booster #9	1572 Golf Club Drive	Upland	CA	91786	\$130,000.00	
2-2	Well Site #3	1572 Golf Club Drive	Upland	CA	91786	\$78,000.00	
2-3	Well Site #24	1572 Golf Club Drive	Upland	CA	91786	\$26,000.00	
2-4	Control Pannel	1572 Golf Club Drive	Upland	CA	91786	\$400,000.00	
3-1	Booster #14	2570 Mesa Terrace	Upland	CA	91786	\$134,000.00	
4-1	Forebay Bldg	2570 Mesa Terrace	Upland	CA	91786	\$270,000.00	\$336,000.00
5-1	Miox Bldg.	2570 Mesa Terrace	Upland	CA	91786	\$152,000.00	\$45,000.00
6-1	Booster #16	2510 N. Euclid	Upland	CA	91786	\$104,000.00	
7-1	Booster #17	2790 Mountain Ave.	Upland	CA	91786	\$89,440.00	
8-1	Booster #19	2602 Holly Drive	Upland	CA	91786	\$343,000.00	\$150,000.00
9-1	Edison Box	San Antonio/Shin Rd.	Upland	CA	91786	\$103,700.00	\$40,000.00
10-1	Reservoir #4	2345 Paloma Curve	Upland	CA	91786	\$156,000.00	
10-2	Reservoir #6	Mtn & San Antonio Dam	Upland	CA	91786	\$572,000.00	
11-1	Reservoir #5	Mtn & San Antonio Dam	Upland	CA	91786	\$285,000.00	
12-1	Reservoir #7	2575 E. Spring Terrace	Upland	CA	91786	\$130,000.00	
13-1	Well Site #25a	1715 Benson Avenue	Upland	CA	91786	\$135,200.00	
14-1	Reservoir #9	1519 W. 24th Street	Upland	CA	91786	\$104,000.00	
14-2	Reservoir #12	885 E. 26th Street	Upland	CA	91786	\$2,600,000.00	
15-1	Well #32	885 E. 26th Street	Upland	CA	91786	\$38,400.00	
16-1	Reservoir #14	Holly Dr. & 26th St.	Upland	CA	91786	\$78,000.00	
17-1	Well Site #2	1464 Golf Club Drive	Upland	CA	91786	\$46,800.00	
18-1	Well Site #12	980 E. 6th Street	Upland	CA	91786	\$83,200.00	
19-1	Well Site #15	2294 4th Ave.	Upland	CA	91786	\$41,600.00	
19-2	Well Site #16	2294 4th Ave.	Upland	CA	91786	\$213,200.00	
19-3	Booster #18	2294 4th Ave.	Upland	CA	91786	\$182,000.00	
20-1	Well Site #22	1540 Red Hill N. Drive	Upland	CA	91786	\$124,800.00	
21-1	Well Site #26	1759 W. 17th St.	Upland	CA	91786	\$67,600.00	
22-1	Well Site #27a	1813 W. 17th St.	Upland	CA	91786	\$135,200.00	\$151,000.00
23-1	Well Site #31	1680 Hunningbird Ln.	Upland	CA	91786	\$31,200.00	\$5,000.00
24-1	Office	139 N. Euclid	Upland	CA	91786	\$260,000.00	\$100,000.00
24-2	Garage	139 N. Euclid	Upland	CA	91786	\$20,800.00	\$4,000.00
25-1	Yard Bldg/Cont	172 S. 1st Ave.	Upland	CA	91786	\$140,400.00	
25-2	Storage Bldg	172 S. 1st Ave.	Upland	CA	91786	\$20,800.00	
26-1	Booster #20 - Pump	885 East 26th St.	Upland	CA	91786	\$104,000.00	
26-2	Booster #20 - Control Pannel	885 East 26th St.	Upland	CA	91786	\$104,000.00	
27-1	Tunnel Shaft 6 Miox Building	2777 N. Mountain Ave. 'C'	Upland	CA	91786	\$137,900.00	
						\$ 8,748,240.00	\$ 831,000.00

Total Combined Insurance Value: \$ 9,579,240.00

Valuation	Description (No punctuation)	Serial #/ ID #	Model Year	Value (Cost new)
ACV	Misc. Tools & Equipment/\$10K Max Item			\$61,602.00
ACV	CONEQ / Airman Compressor	5773108802		\$11,962.00
ACV	CONEQ / Case Backhoe	JJGO191391		\$39,404.00
ACV	CONEQ / Fork Lift	AF17A00304		\$10,236.00
ACV	Excavator - John Deer 17G	1FF017GXAFK225723	2016	\$29,160.00
ACV	Backhoe - 2019 ca	NJC753266		\$106,653.00

Scheduled Inland Marine

Total Value

\$259,017.00

Your **EPIC** EPIC Account Team & Contact Information

David McNeil, ARM

Principal

909.919.7508

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Overall Account Management

Shelly Birdzell

Account Manager

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Daily Account Management

Marie Engstrom, CPCU

Claims Consultant

Property & Casualty

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Workers Compensation

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Dan Ryan, CIC

Managing Principal

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Overall Client Satisfaction

Certificate Requests

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Fax: 888.789.5971

909.919.7904

Margaret Thorsen

Surety Bonds

626.583.2439

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General Contact Information

Main Number909.919.7880

Fax Number.....888.789.5971

P&C Claims949.417.9118

WC Claims.....909.919.7502

Private Client.....415.356.3940

Employee Benefits.....949.417.9176

EPIC's Service Commitment

EPIC will provide you with the following services:

- Return all telephone calls within 24 hours.
- Issue Certificates of Insurance on a 24-hour turnaround or same day if received before 3:00 PM (as needed).
- Process requests for insurance program changes promptly.
- Track the status of all open claims.
- Review estimated payrolls and receipts.
- Review coverages with you as needed or at least.
- Present renewal insurance program in a timely manner.
- Keep you up-to-date about important insurance industry developments throughout the year.

When to Notify

It is very important that we are informed whenever a significant change in your operation takes place.

We should be notified promptly of any change, such as:

- Additional locations, new construction/projects
- Change in property values
- Change of ownership
- Sudden changes in sales/income/payroll
- Change in hazards (increase or decrease)
- Change in security or protection
- Change in product line
- New contractual obligations
- Change of vehicles/drivers
- Change of operation
- Change in shipment
- Leased, rented and borrowed equipment

The above are listed *as examples* of situations we should be made aware of; there are many others as well. If any questions arise, please call us.

EPIC's Claims Advocacy

Claim reporting is simple!

Choose the most convenient method to report your claim:

- **Telephone:** 909.919.7880
- **Fax:** Complete your paperwork and fax it to EPIC at 888.789.5971

- **Internet:** Property & Casualty Claims and questions
Marie Engstrom
Direct Line - 949.417.9118
Email – marie.engstrom@epicbrokers.com

- **Internet:** Workers Compensation Claims and questions
Max Rodriguez
Direct Line - 909.919.7502
Email – max.rodriguez@epicbrokers.com

Your EPIC Claims Team...second to none.

We have highly effective Claims Advocacy and Specialists with extensive depth and breadth. They have held positions with insurance carriers, insurance brokers and managing general agents representing reinsurance carriers. This experience provides our clients with broad-based claims expertise in multiple areas of insurance. Because of this diversity they are successful in communicating with all parties including claims adjusters, attorneys and you.

Our dedicated team responds to all of your Commercial Insurance claims needs including:

- Assisting you with reporting of Property & Casualty claims
- Providing you with Workers' Compensation claims reviews & advocacy
- Acting as liaison between you and the insurance carrier
- Reviewing summons and complaints prior to insurance carrier submission